

A message from Governor Haley Barbour
July 5, 2006

- When I took office 2 ½ years ago in the middle of Fiscal Year 2004, we faced a budget hole of more than \$700 million left by the previous administration.
- Fiscal Year 2006 ended June 30, 2006, on a high note. For example, spending for FY 2006 was only 1% higher than spending for FY 2005, a small rate of increase that was crucial to getting the budget back in balance.
- During my tenure, we have held overall spending in check even while providing increases in high priority areas. Compared to when I took office, education spending for K-12 is up by 19%, or \$323 million; funding for universities is up 15%, or \$93 million; and funding for community colleges is up by 12%, or \$50 million, with a doubling of workforce training and development funding. In law enforcement, officers of the Mississippi Highway Patrol received the largest pay raise ever. In addition, the second Trooper training school in a year is planned to start in August.
- The budget for the fiscal year we just began is an honest budget, with no-preplanned deficits, with no raids on special fund agencies to fund general fund expenses, and sets aside 2% of revenues for the state's rainy day fund.
- Revenue is up significantly. The state collected \$70 million more in General Fund revenue in FY 06 than we had budgeted. This gives us a \$70 million surplus going into FY 07 and provides flexibility for us to respond to unforeseen challenges.
- The first year I was Governor, revenue went up 4.05%; the next year, after adjusting for various changes in state law, revenue went up 7.8%; in the year just ended revenue is up 9.6%. With a higher starting point, the revenue growth projection for FY 07 is only 3.38%.
- Without raising anybody's taxes, our growing economy is generating more tax revenue. That is the right way to raise revenue for our state priorities. More taxpayers with higher incomes will pay more in taxes without higher tax rates.
- With this new revenue and by reforming programs and making savings in how state government operates, we have dug out of our budget hole and are on the path to fiscal responsibility
- We must be cautious with this new revenue. Much of it may be one-time money, caused by the nearly \$15 billion in insurance claims and federal disaster payments related to Hurricane Katrina.

- There is a huge appetite for new spending that the state may not be able to afford. We are just now digging out of a deep hole; we can not afford to pick the shovel back up just to dig a new one.